FEE CALCULATION

Applicant claims small entity status.

Petition for extension of time (4 months)	$865.00
Request for Continued Examination	$405.00
TOTAL	**$1,270.00**

REMARKS /ARGUMENTS

This is a reply to the non-final Office Action mailed on June 17, 2009. Applicant respectfully submits that in view of the following remarks and arguments, the rejections set forth in the Office Action are deemed to be overcome, thus placing the instant application in condition of allowance.

Applicant is the Assignee of the present application and is prosecuting the present application under 37 C.F.R. § 3.71. A statement under 37 C.F.R. § 3.73(b) is submitted herewith.

I. Interview with the Examiner

Applicant thanks the Examiner for the interview conducted with the undersigned on June 18, 2009. The issues discussed in the interview are substantially set forth in Section IV below. The remarks below thus serve as a summary of the interview.

II. Status of claims

Claims 49, 50, 62 – 96, 112 – 148, 164 – 200, and 216 – 227, 231 – 269, 271 and 272 are currently pending in the present application.

Claims 49, 50, 62 – 96, 112 – 148, 164 – 200, 216 – 227, 231 and 232 stand rejected. Claims 233 – 269, 271 and 272 are subject to a restriction/election requirement and were withdrawn from consideration.

III. Election/Restriction

The Examiner entered an election/restriction requirement with respect to newly added claims 233 – 269, 271 and 272 for being independent and distinct from the previously presented claims. The previously presented claims which had already received an action on the merits were thus determined to be constructively elected by original presentation for prosecution on the merits. Claims 233 – 269, 271 and 272 were withdrawn from consideration.

In entering the restriction/election, the Examiner noted that newly added independent

claims 233, 271 and 272 were distinct and independent from the previously presented independent claims 49, 62, 114 and 166. Applicant respectfully traverses the restriction/election insofar as it is based on a distinction between newly added claim 233 and previously presented claim 166. Claim 233 is the corresponding "system claim" of claim 166, which is a "method claim". The elements of claim 166 are akin to the elements of claim 233. The elements of claim 166 represent steps of a method implemented in a computer system, whereas the elements in claim 233 represent the corresponding computer logic embodied in the computer system.

Therefore, Applicant respectfully requests reconsideration of the restriction/election, insofar as independent claim 233 and dependent claims 234-269 are not independent and distinct.

IV. Priority

On January 22, 2004 and March 5, 2007, a substitute specification was filed in this application, replacing the specification as originally filed. The substitute specification, unlike the original specification, contains a claim to priority, as a continuation-in-part application to the filing date of U.S. Application No. 08/787,979, filed on January 22, 1997 (the "'979 application"). In the Office Action, the Examiner disallowed the substitute specification, noting that the priority claim to the '979 application is improper for failing to satisfy the conditions set forth in 35 U.S.C. § 120. The Examiner therefore did not afford this application the effective filing date of the '979 Application.

Under 35 U.S.C. § 120 and 37 C.F.R. § 1.78(a)(1), in order for a non-provisional application to claim priority to an earlier filed copending non-provisional application, the following conditions must be met: (1) the earlier application must name as an inventor at least one inventor named in the later-filed application; (2) the earlier application must disclose the named inventor's invention claimed in at least one claim of the later-filed application in the manner provided by the first paragraph of 35 U.S.C. § 112; (3) the later-filed application must be filed before the patenting or abandonment of or termination of proceedings on the earlier application; and (4) the later-filed application must contain or be amended to contain a reference to each such prior-filed application, identifying it by application number in the

manner and within the time periods set forth in 37 C.F.R. § 1.78(a)(2)

In the present application, all of the aforementioned requirements are satisfied and thus substantiate a proper priority claim to the '979 application.

Although the instant application did not originally include an overlapping inventor with the '979 application, petitions under 37 C.F.R. § 1.48 were subsequently submitted and granted, whereby the inventorship of the instant application is now identical to the inventorship of the '979 application. Therefore, the requirement that the earlier application name as an inventor at least one inventor named in the later-filed application is clearly satisfied.

In addition, although the instant application as originally filed did not include at least one claim relating to subject matter disclosed in the copending '979 application, the instant application was subsequently amended to include claimed subject matter disclosed in the '979 application in the manner set forth in 35 U.S.C. § 112 ¶ 1. Therefore, the requirement that the earlier application disclose the named inventor's invention claimed in at least one claim of the later-filed application is clearly satisfied.

In addition, a reference to the priority claim to the '979 application was added to the first paragraph of this application.

Thus, three of the four requirements are indisputably satisfied. Nonetheless, the Examiner asserts that priority cannot be afforded to this application because of an alleged failure to satisfy the fourth requirement of "copendency".

It is undisputed that this application was filed before the issuance of the '979 application and hence technically the two application are copending applications. Yet according to the Examiner, the mere fact that the earlier application was not patented or abandoned prior to the filing of the later application does not itself mean that copendency is met. Rather, according to the Examiner, copendency is only deemed satisfied when "the allegation of [priority] is made possible" prior to the issuance of the earlier patent application. Page 10 of Office Action. In the case at bar, the earlier application issued on September 4, 2001, but the continuation-in-part allegation only became possible on September 22, 2003

(the date new claims that identify subject matter disclosed in the earlier application were added). Therefore, the Examiner held, that under these circumstances there is no copendency and as such the instant application cannot benefit from the priority date of the '979 application.

For the reasons set forth below Applicant respectfully disagrees with this assertion. As an initial matter, it is observed that the Examiner did not maintain that an allegation to priority be made possible on the filing date of the later filed application. Rather it appears that the Examiner's position is limited in that the allegation to priority be made possible at least prior to the issuance of the earlier filed application.

Yet nothing in the statute – 35 U.S.C. § 120 – or in the corresponding regulations – 37 C.F.R. § 1.78(a) – set forth condition for copendency in the manner suggested by the Examiner. Indeed, for copendency to be satisfied, 35 U.S.C. § 120 merely requires that the application itself be "**filed** before the patenting or abandonment of or termination of proceedings on the first application". (emphasis added) There is nothing in the statute to suggest that copendency is not met unless the actual claims to the subject matter disclosed in the first application is submitted before the patenting or abandonment thereof (as opposed to the fling of the application itself).

Hence, with regards to the present application, even though the overlap of inventorship and the claim to the subject matter disclosed in the '979 application were presented well after the '979 application was patented; nevertheless the applications are deemed to be copending because the instant application was "filed before the patenting ... of the ['979] application."

Accordingly, Applicant respectfully requests that priority to the '979 application be duly afforded to this application.

V. Claim Rejections

A. Rejection under 35 U.S.C. § 102(b) and 103(a) over Yager

The Examiner rejected all of the pending claims under 35 U.S.C. § 102(b) and/or § 103(a) as being unpatentable over Yager.

Each of the pending claims is supported by the specification of the '979 Application in the manner set forth in 35 U.S.C. § 112, ¶1, and as noted previously, this application is accordingly entitled to the benefit of the filing date of the '979 Application – January 22, 1997. The Yager reference appears to be from December 1997 and should therefore not be considered prior art to the pending claims.

B. Rejection under 35 U.S.C. § 102(b) and § 103(a) over Goldhaber et al.

The Examiner rejected all of the pending claims under 35 U.S.C. § 102(b) and/or § 103(a) as being unpatentable over U.S. Patent No. 5,794,210 to Goldhaber et al. ("Goldhaber").

Goldhaber describes a system and method that compensates users for viewing advertisements on their computers. According to Goldhaber's invention, when a user logs on to his personal homepage, the user is shown a list of preselected advertisements that are targeted to the user's interest. Goldhaber Col. 7 lines 27-32. A virtual "price tag" is associated with each advertisement that indicates the amount the user will receive for viewing the advertisement. Each time the user selects an advertisement for further viewing, the user is compensated in the form of digital cash according to the "price tag" associated with the advertisement. The digital cash is credited to the user's account. Goldhaber Fig. 3, Col. 10, lines 39-66.

It is noted that according to Goldhaber the advertisements that are shown to a user are preselected for that user. In pertinence, Goldhaber states the following:

> Upon logging on to her customized home page, Cynthia would be presented with a list of ads that she may elect to view. The ads would be preselected for her on the basis of a personal profile questionnaire that she has completed plus automatic tracking of her previous Internet usage. For example, today's list might contain ads for medium-price hotels in Mazatlan (where Cynthia is planning a vacation), a do-it-yourself telescope kit (a possibility for her son's upcoming birthday), San Francisco Forty-Niner football tickets (she's a fan), new nonfat organic dessert items (she's on a diet), and heavy equipment for earth moving (she is part-owner of a construction company). (emphasis added.)

Goldhaber at Col. 7, lines 27-35. Thus the system in Goldhaber present users with preselected advertisements together with associated price tags. The user then selects among the advertisements for further viewing, and is compensated according to the associated price tags.

At col. 4 lines 47-63, Goldhaber describes an auction mechanism through which advertisers can competitively bid for a viewer's attention. The passage in Goldhaber is reproduced as follows:

> "Negative pricing" is one means by which advertisers could compete for available attention in the system provided in accordance with the present invention. In its simplest form, negative pricing is a "passive" competition: advertisers make fixed offers and viewers select among them. Another innovative idea is "attention bidding," a mechanism by which advertisers actively compete by bidding for a viewer's attention. These bids might be based, in part, on estimates of the viewer's interest and likelihood to buy--estimates derived from access to the viewer's electronic profiles detailing preferences and past consuming behavior. Bids might also be based on other bids, via an "auction" protocol by empowered bidding "agents." The bidding may be explicit or automatic. Viewers may elect to have advertisers bid for their attention or the system may offer bidding without the viewers' knowledge.

Goldhaber at Col. 4, lines 47-63. It is noted that the foregoing passage is the only instant where Goldhaber describes an auction mechanism. Other than the foregoing passage, Goldhaber does not elaborate on how the auction mechanism works. However, the passage is quite ambiguous, as critical aspects of the auction mechanism remain unclear and are open to speculation by the reader. One possibility is that the auction mechanism in Goldhaber intends to provide advertiser's flexibility in pricing of their respective advertisements. Instead of associating every advertisement with the same fixed amount (e.g. $1.00), the advertisers competitively bid between themselves, and the user is presented with different amounts associated with different advertisements based on competitive bidding (e.g. advertisement A = $0.75; advertisement B = $1.00, etc.) The system does not select among the different advertisements based on the bids. Rather, the user is shown all advertisements relevant to the user's interest, and the user then selects among the advertisements and the user is compensated in accordance with the bid amounts.

Another possibility is that the auction mechanism in Goldhaber allows only a single advertisement to be presented to a user, i.e. only the advertisement associated with the highest bid. Under this scenario, the system preselects the advertisement presented to the user in accordance with the auction results. Whenever the user logs onto his homepage, the user is presented with only the preselected advertisement that is associated with the winning bidder of the auction.

Under each of the foregoing possibilities, Goldhaber does not provide for a real-time bidding and selecting mechanism, whereby the winning bid is selected by the system in real-time – that is at the time the web page is requested by a user, prior to the web page being transmitted to the user

In contrast, the invention of the present application as claimed provides for a real-time bidding system. The system selects among bidding advertisers in real-time based on a competitive bidding mechanism that occurs in real time – that is at the time a viewer requests a web page wherein a winning advertisement will be displayed.

VI. Related Applications

The present application is related to Application Nos. 10/655,549, 09/372,416, 11/675,429, 11/933,080 and 11/933,080. The subject matter claims in each of the foregoing application is of similar scope to the pending claims of the present application. Rejections were issued and remain outstanding in each of the foregoing related applications and are thus believed to be relevant to the present application. Applicant trusts that the Examiner will review, to the extent deemed necessary, the contents of the file wrappers for the foregoing applications to determine the applicability of their contents, including the rejections, to the pending claims. The present application is also related to a continuation applications for which the examination process has yet to begin.

CONCLUSION

In view of the foregoing remarks, the present application is believed to be in condition of allowance. For any outstanding issues concerning the present application the Examiner is respectfully requested to contact the undersigned at the number listed below.

Dated: June 17, 2010

Respectfully submitted,
BEH Investments LLC

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